

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF)	
INTERMOUNTAIN GAS COMPANY FOR)	CASE NO. INT-P-05-1
WAIVER OF THE ATMOSPHERIC)	
CORROSION INSPECTION RULE (IDAPA)	ORDER NO. 29906
<u>31.11.01.201; 49 C.F.R. § 192.481(a)</u>)	

On September 14, 2005, Intermountain Gas Company (Intermountain Gas, Company) filed a Petition for Waiver of a pipeline safety rule regarding atmospheric corrosion inspection with the Idaho Public Utilities Commission (Commission). On October 4, 2005, the Commission issued Order No. 29885, Notice of Petition and Modified Procedure, establishing a deadline for the submission of comments and/or objections. The only comments filed were those of Commission Staff. With this Order the Commission approves the Company's Petition as more fully set forth below.

THE COMPANY'S PETITION

Intermountain Gas seeks a waiver of the federal pipeline safety rule that requires each operator to inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of corrosion at least once every three years. This requirement is set forth in 49 C.F.R. § 192.481(a). The Commission adopted this federal regulation with IDAPA 31.11.01.201.

The Company states it is requesting the waiver only for residential meters. Separate code requires yearly routine maintenance on its commercial and large volume meters, and consequently the atmospheric corrosion inspections are done along with the required yearly maintenance. The Petition states that in July 2003, the Company installed automated meter reading (AMR) systems for residential and commercial meters. Prior to July 2003, meter readers, on foot, would perform a visual inspection of the above ground facilities in conjunction with their meter reads. With the Company's implementation of AMR there is no longer any regular maintenance need or requirement to visit each residential meter on an annual basis.

Intermountain Gas states it has never experienced atmospheric corrosion or safety-related conditions resulting from atmospheric corrosion on its residential or commercial meters in the entire history of its operations, dating back to 1955. The Company states that the dry, arid environment in which it operates as well as the fact that the entire steel pipeline is cathodically protected is the reason it has not experienced any corrosion in the last 50 years.

As a condition of the waiver, Intermountain Gas proposes to perform the atmospheric corrosion inspection of residential meters and associated piping in conjunction with the appropriate business district or non-business district leak survey schedule. The Company states that non-business district leak surveys are performed every four years, and business district leak surveys are conducted annually. The Company states that approval of the waiver to allow the atmospheric corrosion inspections to coincide with the annual business district and four-year non-business district leak survey schedules will help the Company to maximize operating efficiencies without jeopardizing corrosion safety requirements.

STAFF COMMENTS

Commission Staff reviewed the Petition for Waiver filed by Intermountain Gas and recommended approving the Company's request. Current regulations require the Company to inspect residential meters and associated piping for evidence of atmospheric corrosion at least once every 3 years, but with intervals not exceeding 39 months. As a condition of the waiver, the Company proposes to perform the atmospheric corrosion inspection of residential meters in conjunction with the appropriate business district or non-business district leak survey schedule. Regulations require business district leak surveys be performed once each calendar year with intervals not exceeding 15 months, and that non-business district leak surveys be performed at least once every 5 years, with intervals not exceeding 63 months. It is Intermountain Gas Company's current practice to conduct the non-business district leak surveys every four years, which more than meets the requirement in the rule.

Commission Staff has been inspecting Intermountain Gas Company's facilities since 2001 and has not found any incidents of atmospheric corrosion on residential meters or associated piping. The Staff has only inspected a small portion of the Company's meters in comparison to their total number, but has looked at meters across their entire distribution system.

Intermountain Gas Company states in its waiver request that it has never experienced atmospheric corrosion or safety-related conditions resulting from atmospheric corrosion on any of its residential or commercial meters during the history of its operation dating back to 1955. The Company credits this as a direct result of the dry and arid environment in which it operates, and the fact that its entire steel pipeline system has been cathodically protected. The Staff's inspection experience would support the Company's assessment. Staff believes that enlarging

the inspection frequency from once every three years to once every four years, as the Company has requested, does not pose a significant threat to the safety of the pipelines.

Staff recommended approval of Intermountain Gas Company's request to couple atmospheric corrosion inspections of residential meters and associated exposed piping with the Company's annual business district and four-year non-business district leak survey schedule. Staff recommended that the Commission authorize the Company to deviate from the requirement of once every 3 years, with intervals not to exceed 39 months, and order the Company to perform the atmospheric corrosion inspection, at a minimum, once every 4 years, with intervals not to exceed 51 months, for its residential meters.

DISCUSSION AND FINDINGS

Intermountain Gas petitioned for a waiver of the atmospheric corrosion inspection requirements set forth by 49 C.F.R. § 192.481(a). The Commission adopted this federal regulation with Safety Rule 201, IDAPA 31.11.01.201. The Commission's Safety Rule 3, IDAPA 31.11.01.003, provides that any person requesting a waiver of any safety rule may petition for a waiver pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.* A waiver request must describe the specific waiver sought, refer to the particular rule or Order that is controlling, and state the facts to support the waiver. IDAPA 31.01.01.053.

The Commission may waive compliance with federal pipeline safety standards because it operates a pipeline safety program certified pursuant to 49 U.S.C. § 60105. 49 U.S.C. § 60118(d). If the Commission grants a waiver request, it must give the Secretary of Transportation written notice of such waiver at least 60 days before the waiver's effective date. 49 U.S.C. § 60118(d).

After reviewing the waiver request and Staff comments we find it reasonable to grant Intermountain Gas Company's request for a waiver of Safety Rule 201, and more specifically our adoption of 49 C.F.R. § 192.481(a). We find, given the facts of this specific case, that a waiver from the requirements set forth in 49 C.F.R. § 192.481(a), under the terms proposed by the Company and recommended by Staff, is appropriate and consistent with pipeline safety. We note that our granting of this request is not a complete waiver from compliance with the provisions of § 192.481(a), but in effect extends the time period in which the Company must conduct atmospheric corrosion inspections for residential customers from once every three years to once every four years. We also note that the Company states it has never experienced

atmospheric corrosion or safety-related conditions resulting from atmospheric corrosion on any of its residential or commercial meters during the history of its operation dating back to 1955 due to the dry and arid environment in which the Company operates, and the fact that its entire steel pipeline system has been cathodically protected. Staff's inspection experience supports the Company's assessment. The Company is required to perform residential leak surveys every five years, and it chooses to do these every four years. We find the request to perform the corrosion inspections along with the leak surveys, once every four years, to be reasonable.

ORDER

IT IS HEREBY ORDERED that Intermountain Gas Company's Petition for a waiver of Safety Rule 201, and more specifically the adoption of 49 C.F.R. § 192.481(a) regarding the frequency of atmospheric corrosion inspection of residential meters and associated exposed piping is granted.

IT IS FURTHER ORDERED that the waiver applies only to residential customers and applies only to the required frequency of inspections. The Company shall inspect all residential meters and associated exposed piping for evidence of atmospheric corrosion at least once every 4 calendar years, but with intervals not exceeding 51 months. Associated exposed piping includes any above ground piping, fittings, regulators, reliefs, or any other above ground appurtenance designed to carry natural gas that is located between the origin of the service line and the connection to customer residence piping. This inspection may occur with the Company's annual business district and four-year non-business district leak survey schedule.

IT IS FURTHER ORDERED that Intermountain Gas shall in all other respects comply with 49 C.F.R. § 192.481(a) and all other applicable safety rules and regulations.


IT IS FURTHER ORDERED that the Commission's Executive Administrator forward a copy of Intermountain Gas Company's request and this Order to the Office of Pipeline Safety (OPS) for its review.

IT IS FURTHER ORDERED that this Order granting the Company a waiver shall not become effective until January 7, 2006, unless the OPS authorizes this waiver to become effective sooner.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for

reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th day of November 2005.



PAUL KJELLANDER, PRESIDENT

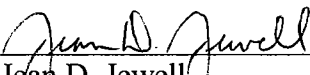


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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